

BOSTON GAS COMPANY  
ADMINISTRATIVE AND GENERAL EXPENSES  
(\$000)

920	Administrative and General Salaries	(1)	\$ 21,321
921	Office Supplies and Expenses	(1)	25,922
922	Admin. Expense Transferred -- Cr.		
923	Outside Services Employed	(1)	861
924	Property Insurance	(1)	462
925	Injuries and Damages	(1)	1
926	Employee Pensions and Benefits		
928	Regulatory Commission Expense	(1)	932
930	Miscellaneous General Expenses	(1)	(2,009)
931	Rents	(1)	<u>-</u>

Total A&G Expenses \$ 47,490

Corrections:

Correction to Essex Incremental Costs	(2)	(425)
Adjustment for Midland Enterprises	(3)	149
Allocation of Corporate Governance	(3)	(401)
SEC Audit Adjustments	(3)	<u>(72)</u>
Corrected 2002 A&G Expense		\$ 46,741
Incremental Cost Adjustment - A&G	(4)	<u>6,880</u>
Adjusted 2002 A&G Expense		<u>\$ 53,621</u>

Pre-Merger A&G Expenses Escalated to 2002 \$ 33,664

Sources:

- (1) Return of Boston Gas Company to the DTE, 2002
- (2) Response to AG-11-1
- (3) Errata Filing, June 25, 2003
- (4) Response to AG-11-8 3656+3134+64+26

BOSTON GAS COMPANY  
A&G EXPENSES PRIOR TO ACQUISITIONS  
(\$000)

		(1) <u>1996</u>	(1) <u>1997</u>	(1) <u>1998</u>	<u>Average</u>
920	Administrative and General Salaries	\$ 7,009	\$ 6,678	\$ 5,962	\$ 6,550
921	Office Supplies and Expenses	5,298	5,042	5,292	5,211
923	Outside Services Employed	1,463	1,134	1,069	1,222
924	Property Insurance	2,361	2,272	2,254	2,296
925	Injuries and Damages	2,150	2,329	1,874	2,118
928	Regulatory Commission Expense	1,081	849	1,195	1,042
930	Miscellaneous General Expenses	6,619	14,791	4,917	8,776
931	Rents	<u>1,989</u>	<u>2,270</u>	<u>1,218</u>	<u>1,826</u>
	Total	\$ 27,970	\$ 35,365	\$ 23,781	\$ 29,039
	Factor to Escalate Expenses to 2002			(2)	<u>1.1593</u>
	Escalated A&G Expenses				<u>\$ 33,664</u>

## Sources:

- (1) Return of Boston Gas Company to the DTE  
 (2) Assumed Escalation Rate 3.00%  
 Years 5

BOSTON GAS COMPANY  
ADJUSTMENT TO PRO FORMA A&G EXPENSES  
(\$000, Except per Customer)

Reverse Effect of Incremental Cost Adjustment on Pro Forma A&G	(1)	\$	6,880
Re-Allocate Costs Deemed Non-Incremental to Essex			
Colonial A&G Excluding Accounts 922, 926	(2)		9,430
Colonial Customers 12/31/02 (000)	(3)		<u>169</u>
A&G Expense per Customer			55.930
Essex Customers 12/31/02 (000)	(4)		45
Essex A&G Excluding Accounts 922, 926, as Calculated			2,538
Essex A&G Excluding Accounts 922, 926, as Adjusted	(5)		<u>722</u>
Adjustment to Re-Allocate Essex Costs Deemed Non-Incremental		\$	<u>1,816</u>
Total Adjustment to Pro Forma A&G Expenses		\$	<u>8,696</u>

Sources:

(1)	Response to AG-11-8	
(2)	Colonial Return to DTE - 2002, Page 47	9614+3294-3478
(3)	Colonial Return to DTE - 2002, Page 44	
(4)	Essex Return to DTE - 2002, Page 44	
(5)	Essex Return to DTE - 2002, Page 47	
	Total A&G	(717)
	A/C 922	1,815
	A/C 926	(1,121)
	Posting Error	320 AG-11-7
	Reallocation by Boston Gas	<u>425</u> AG-11-1
	Adjusted A&G	<u>722</u>

BOSTON GAS COMPANY  
PENSION EXPENSE  
(\$000)

Pension Funding

2000	(1)	\$ 44,460
1999	(1)	19,000
1998	(1)	-
1997	(1)	-
1996		<u>-</u>

Five Year Total 63,460

Annual Average 12,692

Operation and Maintenance Ratio (2) 0.8550

Pro Forma Pension Expense 10,851

Company Pro Forma Pension Expense (3) 18,085

Adjustment to Company Position \$ (7,234)

Sources:

- (1) Response to AG-1-49
- (2) KEDNE/PJM-2, Page 12 18085.435/21153.361
- (3) KEDNE/PJM-2, Page 12

BOSTON GAS COMPANY  
PENSION EXPENSE  
(\$000)

	(1) Per Company Estimate		As Calculated
Service Cost	\$ 4,065		\$ 4,065
Interest Cost	14,186	(2)	12,969
Expected Return on Assets	(10,269)	(3)	(12,843)
Amortization of Prior Service Cost	796		796
Amortization of Net Actuarial (Gain) Loss	<u>8,588</u>	(4)	<u>7,594</u>
Net Periodic Pension Cost	<u>\$ 17,366</u>		<u>\$ 12,581</u>

Sources:

(1)	Response to AG-11-13		
(2)	Benefit Obligation 12/31/02	186,906	Note 5 to 2002 Financial Stmt.
	Service Cost	4,065	AG-11-13
	Discount Rate	<u>6.86%</u>	6.75% AG-11-13 *
	Interest Cost	<u>12,969</u>	
(3)	Fair Value of 12/31/02	155,520	Note 5 to 2002 Financial Stmt.
	Estimated Benefits Paid	8,859	Note 5 to 2002 Financial Stmt.
	Expected Rate of Return	<u>8.50%</u>	
	Expected Return on Assets	<u>12,843</u>	